

## HIGHLIGHTS FOR 2015

Average farm operator returns for labor and management on 2,674 Illinois farms were lower for all geographic areas in the state in 2015 compared to 2014. In addition, all regions had negative operator returns for labor and management. The average return to the sum of all operator's labor and management income in 2015 was *negative* \$67,198. The 2015 returns were \$106,905 below the 2014 average of \$39,707 and \$166,004 below the average for the last five years. A reasonable charge for the farm's debt-free capital invested in machinery, equipment, land, and inventory averaged \$63,817. Combining this amount with the return to operators' labor and management (sum of all operators) and unpaid family labor resulted in average operators' net farm income of *negative* \$2,971. Much lower crop returns due to lower prices and lower corn yields were the main reasons for the lower incomes. Returns above feed cost for all livestock enterprises were lower than the year before. Hog returns above feed costs were lower due to much lower prices received. Returns to dairy enterprises were lower due to lower milk prices. Some northern counties in Illinois received farm program payments in 2015 due to the county's crop returns in 2014 being lower than their olympic five-year average. With 2015 having lower crop returns than 2014, it is estimated that there will be many more counties in Illinois that will receive a farm program payment. Farm earnings were highest in the central part of the state around Bloomington, even though they were still negative. Earnings were lowest in the southern part of the state.

Corn yields were below the 2014 yield but above the five-year average. Corn yields were 24 bushels per acre lower in 2015 and 13 bushels per acre above the five-year average. 2015 soybean yields were the same as 2014. The average corn yield on the 2,647 farms was 190 bushels per acre. Soybean yields averaged 61 bushels per acre. Corn and

soybean yields were generally highest in the northwestern and central parts of the state. The growing season temperature was close to normal temperatures. However, the precipitation received during the growing season was variable. For the entire state, June was more than 5 inches wetter than normal. Too much rain in June was one of the reasons for lower corn yields.

Year-end inventory price for the 2015 corn crop of \$3.60 per bushel was 15 cents lower than a year earlier. \$8.60 per bushel was the new crop soybeans inventory price, \$1.90 less than December 31, 2014. The average sales price received for the 2014 corn crop sold in 2015 was above their inventory price resulting in a positive marketing margin. The 2014 soybean crop sold in 2015 was sold slightly below their inventory price. Crop returns averaged \$670 per tillable acre, \$124 per acre lower than the 2014 crop returns. This was the third year in a row of declining crop returns since the all-time high in 2012.

Returns above feed cost to all livestock enterprises were lower than the year before as well as the last five years. All livestock enterprises experienced similar to or lower feed costs, but lower returns in 2015 compared to 2014. Returns for farrow-to-finish hog producers were estimated to be about \$7.82 per hundredweight below the breakeven level in covering total economic costs in 2015. Dairy producers experienced \$2,167 returns above feed per cow in 2015 compared to \$3,734 in 2014. Milk prices were twenty-eight percent lower compared to the year before. Returns above feed to feeder cattle enterprises decreased more than one hundred percent. Prices paid for market cattle were lower than the year before while the price received was slightly higher. With the large swings in prices for market cattle, it depended on when you purchased and sold them. Prices decreased dramatically after the



higher prices offered at the end of 2014. Returns above feed per cow decreased about one hundred percent from 2014.

Estimates in net worth change can be made by adjusting net farm income for nonfarm income, withdrawals for family living, and income and social security tax paid. This amount would be a modified-cost-basis change in net worth, which excludes changes due to inflation. As seen on page 5, estimated changes in net worth showed decreases statewide, with the largest decreases being in southern and northeastern regions of Illinois. Changes in net worth among individual farm operators will vary greatly due to differences in farm and nonfarm income and family living withdrawals.

Pages 3 and 6 have the average amount of interest paid per farm. Average farm interest paid in 2015 was \$27,378, up \$3,263 from 2014. Over the last ten years, interest paid on a per-acre basis has the lowest at \$20 in 2009 and the highest at \$25 in 2007. In 2015, it increased to \$24. Interest paid as a percentage of gross farm returns was 4.1 percent in 2015 compared to 3.3 percent in 2014.

Some key financial factors, such as the current, debt-to-asset, and debt-to-equity ratios, can be found on pages 10 to 13 by type of farm. This type of information is useful in providing some benchmarks when evaluating the financial efficiency of a farm operation.

Pages 22 to 36 report returns and costs for crops and livestock enterprises. Total returns to farrow-to-finish hog producers averaged \$45.16 per hundredweight in 2015 compared to \$75.90 the year before. Feed costs decreased, averaging \$33.29 per hundredweight. The average price received per hundredweight for slaughter cattle was \$150.68, and the price paid for replacement feeder cattle was \$206.79. Dairy returns included the average price received for milk of \$17.89 compared to \$24.88 in 2014.

Total economic costs per acre to produce corn and soybeans in 2015 decreased as compared to 2014 in all areas of the state. The main factors for the decrease in per acre costs were lower drying, fuel, repairs and land costs. Cost per bushel to produce corn increased in all areas of the state due to lower yields, except in northern Illinois. Cost per bushel to produce soybeans decreased in all areas of the state due to lower costs, except southern Illinois due to lower yields. Total economic costs per acre to raise corn and soybeans on these farms averaged \$894 and \$652, respectively.

From a sample of pure grain farms in the state, the total economic cost per bushel of corn produced was \$4.68 with an average yield of 191 bushels per acre. The total cost per bushel of soybeans was \$10.52 with an average yield of 62 bushels per acre. The 2014 costs per bushel were \$4.34 and \$10.97 for corn and soybeans, respectively. The total costs for 2012 were the highest cost per bushel to grow corn and soybeans since this study began due to lower yields from the drought. The variation in yields and costs during the past few years makes it important to analyze these costs over more than one year. The 2011-2015 five-year average to produce corn and soybeans on these farms is \$5.21 per bushel for corn and \$11.36 per bushel for soybeans.

In summary, farm earnings in 2015 were lower than the 2014 earnings and the average for the last five years. Lower crop returns, because of lower corn yields and lower prices, were the main reasons for the lower incomes. Some of the earnings would have been lower if not for a positive marketing margin on the 2014 corn crop sold in 2015. Livestock returns were much lower for all enterprises primarily due to lower prices received. Years with lower earnings lead to taking a closer look at economic and financial information as one plans for the future.